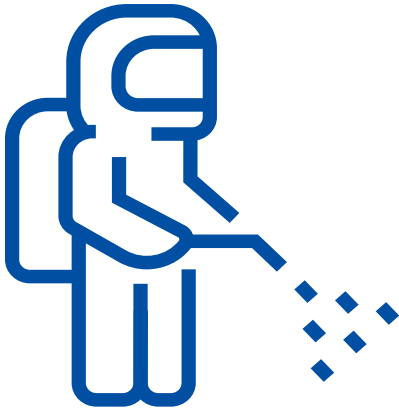


Positioning Canada's airports for a strong and sustainable recovery

November 2020

HEALTH AND SAFETY: A TOP PRIORITY

ENSURING A HEALTHY ENVIRONMENT FOR PASSENGERS, WORKERS IS A TOP PRIORITY.



Airports are working closely with public health officials, governments and industry partners in Canada and around the world to constantly improve existing measures and implement the latest safety protocols. These ongoing investments are critical to keep the public and workers safe, stop the spread of the virus, and restore confidence in air travel.

CANADA'S AIRPORTS HAVE BEEN PROACTIVE TO ADAPT TO COVID-19.

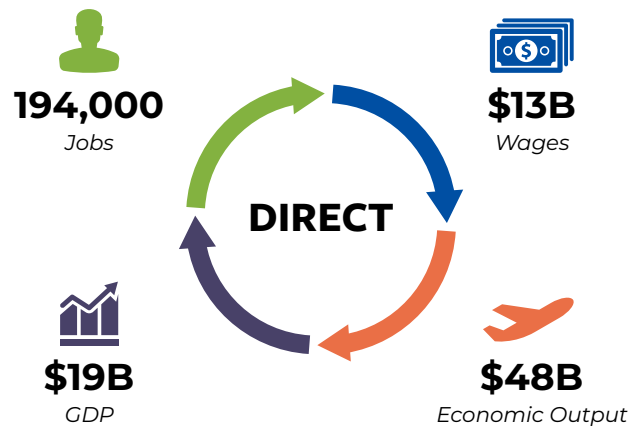
They have moved quickly to enhance cleaning methods and frequencies and reduced staff wherever possible. Airports continue to maintain pre-pandemic levels of operational safety protocols and processes.



MOVING CRITICAL CARGO AND POWERING THE CANADIAN ECONOMY

- » Canada's airports hosted 160 million travellers in 2019.
- » Until 2020, the airport sector supported nearly 200,000 jobs and contributed \$19 billion to the Canadian economy each year.
- » Since COVID-19, airports have continued to move critical protective equipment and personnel while serving Canadians who must travel.

THE AIR TRANSPORT SECTOR IS IN CRITICAL CONDITION



CANADA'S AIRPORTS ARE INVESTING IN HEALTH AND SAFETY ADAPTATIONS EVEN AS PASSENGER TRAFFIC LEVELS REMAIN JUST A FRACTION OF WHAT IS NEEDED TO SUSTAIN OPERATIONS.

The skies have only darkened further in the past six months and the second wave of the pandemic has created even more uncertainty about the future of our sector.

THE PROLONGED SUPPRESSION OF PASSENGER VOLUMES HAS PUSHED CANADA'S AIRPORTS TO THE FINANCIAL BRINK,

forcing them to slash revenue expectations by 30 percent. As airport revenue is highly dependent on passenger traffic, many airports have had to raise fees in order to be able to continue serving travellers.

AIRPORTS HAVE SUSPENDED CAPITAL PROGRAMS, ACCESSED THE GOVERNMENT'S WAGE SUBSIDY PROGRAM AND IMPLEMENTED JOB CUTS.

However, the fixed costs of maintaining critical infrastructure limit their ability to reduce expenses in line with revenue drops. Airports have been borrowing to cover ongoing cash flow requirements and several have had to raise their fees. Some airports may be at risk of closing if current trends continue.

Canada's airports need urgent financial relief from the federal government now, not just to stay afloat, but to continue to meet the evolving regulations and health and safety demands of COVID-19.

COVID-19 IMPACT ON CANADA'S AIRPORTS

PASSENGER TRAFFIC

↓ **91%**

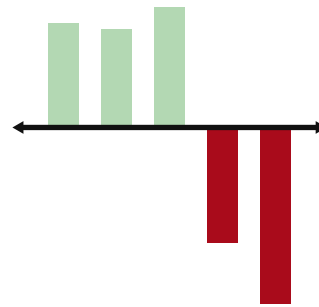
overall from April
through September

↓ **65%**

forecast for 2021

Recovery to 2019 levels expected to take 4-5 years

THE BOTTOM LINE



\$4.5 billion in
lost revenue by
the end of 2021

\$2.8 billion
more debt by
the end of 2021

We commend the federal government for recognizing that the air transport sector can't respond to these challenges on its own. Canada's airports must be at the table as the government develops an assistance package for the sector. We have reached a point in this crisis where financial assistance will only go so far; it must be part of a broader national strategy to help the sector navigate the turbulence of the coming few years, keep passengers and airport workers safe, and prepare for a successful recovery when the time is right.

A HEALTHY AIR TRANSPORT SECTOR IS VITAL FOR A HEALTHY ECONOMY

THERE CAN BE NO TRUE ECONOMIC RECOVERY IN CANADA WITHOUT A HEALTHY AIR TRANSPORT SECTOR THAT SERVES EVERY REGION FROM COAST TO COAST TO COAST.

As a country of 37 million people, air service is essential to deliver life-saving personnel, equipment and goods to every Canadian community. Maintaining these air connections is also essential to our national economy to allow people to travel between communities, generate economic opportunity, and enable trade and tourism.

KEEPING THE TRAVELLING PUBLIC HEALTHY AND SAFE

CANADA'S AIRPORTS WILL KEEP DOING WHAT IT TAKES TO STOP THE SPREAD OF THE VIRUS.

Their commitment to keep the travelling public healthy, safe and informed is unwavering and it will continue to underpin everything they do.

CANADA'S AIRPORTS ARE:

- » Ramping up in-airport testing.
- » Enhancing cleaning procedures and frequencies.
- » Enforcing a mandatory mask policy.
- » Maintaining Plexiglass barriers and other temporary infrastructure changes.
- » Exploring innovative technologies to promote physical distancing and touchless processes.



2 m



HOW THE FEDERAL GOVERNMENT CAN HELP



LEADERSHIP FROM THE FEDERAL GOVERNMENT IS ESSENTIAL

to set consistent standards and guidelines to encourage the widespread resumption of air travel when the time is right. We must support the opening of healthy travel corridors and our efforts must be aligned with global guidance from The International Civil Aviation Organization (ICAO).

A national framework on testing that is consistent at airports across the country and aligned with global actions is the single biggest factor to get Canadian and world travellers to resume flying once public health officials deem it is safe to do so.

Canada's airports are actively engaged in a sector-wide initiative to prepare for a healthy restart in our sector. The federal government is a vital partner in these efforts and airports look forward to working together to protect Canadian travellers.



POTENTIAL TECHNOLOGICAL SOLUTIONS:

- » Rapid testing
- » Increased use of mobile boarding passes
- » Increased use of biometric data
- » Virtual queueing
- » Remote baggage screening
- » Automated boarding gates
- » Advanced passenger risk assessment

CANADA'S AIRPORTS ARE INVESTING IN HEALTH AND SAFETY ADAPTATIONS EVEN AS PASSENGER TRAFFIC LEVELS REMAIN JUST A FRACTION OF WHAT IS NEEDED TO SUSTAIN OPERATIONS.

The skies have only darkened further in the past six months as the second wave of the pandemic has created even more uncertainty about the future of our sector. The prolonged suppression of passenger volumes has forced Canada's airports to slash revenue expectations by 30 percent.

RECOMMENDATIONS

1. **Multi-year rent relief** (minimum five years or until business recovers to 2019 levels); elimination of rent/revenue charge for 14 small NAS airports + Ports Toronto.
2. **Interest-free loans or direct operational support for airports**, in particular airports that do not benefit from rent relief.
3. **Infrastructure funding for safety and security** to support continued operations and regulatory mandated safety and accessibility investments.
4. **Access to federal support programs** regardless of airport ownership or governance model.
5. **Nationally consistent, globally-aligned** COVID-19 testing protocols .



About the Canadian Airports Council

As the national voice of Canada's airports, the CAC represents more than 100 airports across the country, including all of the National Airports System (NAS) airports and most passenger service airports in every province and territory. CAC members handle virtually all of the nation's air cargo and international passenger traffic and 90% of domestic passenger traffic.

Read the CAC's full pre-budget submission [here](#).

For more information please contact Daniel-Robert Gooch, CAC President daniel.gooch@cacairports.ca.